

NEWS RELEASE

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DeNUCCI URGES RENEWED STATE COMMITMENT TO LOW-INCOME FUEL ASSISTANCE AID

State Auditor Joe DeNucci, in an audit released today, called for increased state funding for low-income fuel assistance, noting that recent increases in subsidies have been more than offset by the higher cost of home heating oil and an increase in the number of program participants.

The state's Fuel Assistance Program, known as the Low-Income Home Energy Assistance Program (LIHEAP), provides relief to low-income households most vulnerable to the high cost of home heating energy. Households with incomes of up to 200 percent of the federal poverty level are eligible for assistance. The program served approximately 141,000 households in Massachusetts last winter.

DeNucci, whose prior audit two years ago was a catalyst for restoration of the state's fuel assistance appropriation program in fiscal years 2005 and 2006, noted in today's follow-up audit that the average fuel subsidy for eligible households rose from \$565 in 2005 to \$787 last winter, a 39 percent increase. Participating households went up by 4 percent.

However, DeNucci's report cited several uncertainties that could have an impact on low-income fuel assistance during the upcoming winter. DeNucci reported that federal funding for the Fuel Assistance Program in the current fiscal year is \$81 million. Massachusetts received \$118 million in federal assistance last year to cope with rising fuel costs, while the state appropriated \$20 million. To date, the state has not committed any funding for the current year. Without additional federal and state funding, fuel assistance recipients could see their average benefits reduced by approximately \$300 this winter.

In order to prevent a substantial hardship for families who depend on fuel assistance, DeNucci renewed his recommendation that the Governor and Legislature seek an appropriation to be used only during the most severe winters and only after federal funding has been depleted.

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“Such funding would protect eligible families from making a choice between heating their homes or providing for other basic needs,” DeNucci said.

DeNucci noted that although the past two winters have been relatively mild, there is no way to accurately forecast the severity of a winter. He also cited a recent medical research study that found that young children in households not receiving adequate fuel assistance were 30 percent more likely to be admitted to the hospital and 20 percent more likely to be a nutritional risk for growth problems.

During the 2004-05 winter heating season, the Massachusetts Division of Energy Resources (DER) reported the average price of home heating oil was \$1.97 per gallon, a 36 percent increase over the previous year. Yet over the same two-year period, fuel assistance subsidies increased by only 22 percent and the average out-of-pocket expense for households in the fuel assistance program increased by 81 percent to \$1,104. The average price of fuel increased to \$2.42 per gallon during the 2005-06 winter season, a 25 percent increase over the previous year.

DeNucci also found that the Department of Housing and Community Development (DHCD) and the local administering agencies (LAAs) have improved their monitoring of the LIHEAP program since his prior audit two years ago. DHCD and the LAAs have strengthened their income verification procedures to help ensure that only low-income households most vulnerable to the high cost of home heating energy receive benefits from the fuel assistance program. However, DeNucci once again recommended that DHCD require local administering agencies to obtain tax returns from households applying for fuel assistance.

“I commend the Legislature for restoring and increasing funding for fuel assistance in the last two state budgets, and I am pleased that DHCD and the local administering agencies have improved their monitoring to help make sure that fuel assistance goes only to truly needy individuals and families,” said DeNucci.

“However, this program is critical to the health, safety and well-being of our most needy. I urge the Governor and Legislature to increase the fuel assistance appropriation in the current budget to ensure that adequate funding is available this winter.”